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Chairman: Mr. Agona ..... (Uganda)

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The meeting was called to order at 10.10 a.m.

Agenda item 94: Environment and sustainable development (*continued*) (A/C.2/53/L.21)

Draft resolution A/C.3/53/L.21

1. **Mr. Adawa** (Kenya), speaking on behalf of the Group of 77 and China, introduced draft resolution A/C.2/53/L.21 entitled "Report of the Governing Council of the United Nations Environment Programme", for which Kenya was the coordinator, and pointed out with regard to paragraph 7, that an appeal could be made to non-governmental organizations for the required additional resources. Stressing that the straightforward text of the draft resolution should not give rise to any disagreement, he requested the Committee to adopt it without a vote.

Agenda item 97: Permanent sovereignty of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and of the Arab population in the occupied Syrian Golan over their natural resources (*continued*)

Draft resolution A/C.2/53/L.22

2. **Mr. Abdelaziz** (Egypt) introduced the draft resolution and called upon the members of the Committee to vote for it in accordance with the principles of international legality and the relevant General Assembly resolutions in order to defend the right of the Palestinian people in the occupied territories and of the Arab population in the occupied Syrian Golan to exploit their natural resources. He pointed out that Brunei Darussalam and Indonesia had joined the sponsors of the draft resolution.

Agenda item 91: Macroeconomic policy questions (*continued*) (A/53/60, 62, 69, 185, 416 and 447, A/C.2/53/4)

(a) Trade and development (A/53/15 (Parts I, II and III, A/53/72–S/1998/156, A/53/95–S/1998/311, A/53/331 and 510)

3. **Mr. Chak Mun See** (Trade and Development Board), speaking as the President of the Trade and Development Board (TDB), introduced the Board's reports to the Committee. Since its inception in 1964, the United Nations Conference on Trade and Development (UNCTAD) had remained steadfast in its commitment to the cause of development and had demonstrated the unique vitality and versatility by being able to adapt to the changing international economic environment. While continuing to be the focal point for the integrated consideration of questions relating to money, finance, trade, investment, technology and development, it had also become a leader in the United Nations system in reform and the development dialogue. The contribution by UNCTAD lay in the quality of work of its secretariat and the effectiveness of its intergovernmental machinery.

4. Within the framework of the reforms instituted at the Conference's ninth session, the Board had held executive sessions in order to deal with urgent issues and manage the intergovernmental machinery and the business of the organization between sessions of the Conference. At the sixteenth executive session, held in February 1998, TDB had addressed the follow-up to the WTO High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development and had adopted a decision on the implementation by UNCTAD of the outcome of the Meeting. It had also addressed the East Asian financial crisis and, as part of the reform process, it adopted a decision for improving the efficiency and functioning of the Conference's intergovernmental machinery. At the seventeenth executive session, held in May 1998, the Board had adopted a decision on the UNCTAD publications policy. The eighteenth executive session, held in July 1998 and devoted to the mid-term review exercise, had reviewed the work programmes in accordance with the Midrand Declaration in order to ensure the best possible implementation of the mandate given by the Conference at its ninth session and the fundamental guidelines set out in General Assembly resolution 52/182, thus mapping out a path leading to the Conference's tenth session.

5. The Board's forty-fifth session, held from 12 to 23 October 1998 in Geneva, had considered interdependence and global economic issues from a trade and development perspective: the causes, management and prevention of financial crises, using the *1998 Trade And Development Report* as background documentation for the discussion. The report considered the causes of the crisis which had begun in East Asia from the point of view of global prospects, including possible knock-on effects through trade flows, as well as ways to manage such crises and prevent their reoccurrence. There had been agreement among the countries concerned that the financial crisis had systemic elements. Financial markets had become increasingly volatile and were subject to the herd behaviour of investors driven by irrational exuberance. In an interdependent world, it was impossible for any country or group of countries to be insulated from the effects of financial crises. Decisive policy responses and far-reaching institutional reforms were urgently required in order to return to more stable growth

and preserve the open multilateral trading system. Domestic measures should be carefully crafted, with the full involvement of local policy makers, to restore investor confidence, economic growth and financial stability. The international financial architecture needed to be reformed and the range of reform options, including improved transparency and surveillance, debt-restructuring mechanisms, regulation and control of capital flows, and the establishment of a global lender of last resort, should be considered in an ordered and dispassionate manner. Moreover, efforts should also aim at promoting greater coherence in the areas of trade, money and finance. UNCTAD would contribute to the debate on restructuring the international system by continuing to provide relevant analysis from a development perspective.

6. The Board had also reviewed progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s. The conclusions on that issue were evidence of the high quality of the work undertaken by the Board in that area. The least developed countries had expressed their determination to continue with the wide-ranging reforms they had undertaken in recent years which had greatly contributed to their improved economic performance and their development partners had reaffirmed their support for efforts to enhance their integration in the world economy and in the multilateral trading system in the spirit of shared responsibility and partnership which underpinned the Programme of Action. While noting the encouraging economic performance of the LDCs as a group, the Board considered that their short-term prospects were uncertain and that they were so vulnerable to exogenous shocks such as the Asian financial crisis, declining commodity prices and natural calamities, that the current recovery would be insufficient either to contain their marginalization, or to ensure their integration into the global trading system, or even to make much headway in alleviating poverty. Furthermore, without adequate external financial resources and debt relief they would not be able to sustain either growth or development. The donor countries seemed to have lost sight of established United Nations targets with respect to financial assistance. Some donor countries had recently taken measures in favour of the LDCs while other donors had implemented aid programmes, but efforts were needed on the part of all development partners. The Board also considered that, without a decisive reduction in their external debt and debt service obligations, the growth prospects of LDCs and their ability to attract foreign direct investment (FDI) would remain limited. The eligibility criteria for the Highly Indebted Poor Countries Debt initiative should be flexible enough and take into account that some LDCs were truly in need of debt reduction and were undertaking the necessary reforms. The donor countries should also give due consideration to the proposal made by the Secretary-General of the United Nations that all remaining official bilateral debt owed by the poorest highly indebted poor countries should be converted into grants.

7. The Board had acknowledged that the implementation of Marrakesh Ministerial Decision on Measures in Favour of LDCs contained in the Uruguay Round agreements was essential to enhance their market access and to facilitate their efforts at capacity-building. For LDCs which were not members of WTO, accession would be part of their efforts to reverse their marginalization, and they should be enabled to achieve accession on terms consistent with their LDC status. The announcement by the European Union of its readiness to host the Third United Nations Conference on LDCs had been welcomed by the Board and had given a boost to its consideration of the preparatory process for the Conference, including recommendations to the General Assembly in that regard. In its decision, adopted by consensus, the Board had recommended that the General Assembly accept the offer of the European Union, and the proposed duration and scheduling of the Conference in the first semester of 2001. The decision had also recommended that the Secretary-General of UNCTAD be designated as Secretary-General of the Conference. The General Assembly was also called on to decide to defray the cost of participation by two representative of each LDC in the work of the intergovernmental preparatory committee meetings and in the Conference itself, through the use of extrabudgetary or other resources. He trusted that the understanding that had prevailed in Geneva would also be attained in the Committee. The adoption by the General Assembly of the Board's recommendation would initiate the preparatory process for the Conference.

8. The Board had also considered UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) and on the prospects for agriculture, trade and industrialization, against the background of the 1998 Trade and Development Report (Part II). In its agreed conclusions, the Board had noted that the economic recovery in Africa had not generated an increase in national savings and investment, which were essential for the achievement of sustainable development and the 6 per cent annual growth target set by UN-NADAF. As the problem was essentially due to the debt overhang, the Highly Indebted Poor Countries Debt Initiative should be adapted for the benefit of the countries concerned, particularly by broadening its basis in order to place African countries back on the path to

growth. Furthermore, innovative approaches were required which recognized the joint responsibility of both creditors and debtors in the accumulation of African debt. On that subject, the Trade and Development Report suggested that the international community might wish to consider ways and means of identifying that portion of the debt assessed as unpayable, for possible action by creditors. In view of the falling levels of official development assistance in real terms, the Board recalled the internationally agreed targets. The design and implementation of structural adjustment programmes needed to take account of the problems and requirements of individual countries. The obstacles facing the African countries with respect to market access in industrialized countries, which included the problem of tariff peaks and tariff escalation, for example, threatened measures to promote graduation into value-added agro-based manufacturing. While the ultimate objective of African countries was full integration into the international trading system, all aspects of liberalization would need to be adjusted to the needs and constraints of African economies as they built up their international competitiveness.

9. In the context of its review of the technical cooperation activities of UNCTAD, the Board had adopted a decision which noted the continued increase in the level of those activities and the rise in technical cooperation expenditures in favour of the LDCs. The Board had also requested the secretariat to ensure a balance in the share of technical cooperation activities between the various regions, taking into account their respective needs. The Board had received a progress report on UNCTAD's assistance to the Palestinian people, the continuation of which had the support of all groups of countries. The Member States on the Board had expressed the wish for adequate secretarial resources to be made available for such assistance.

10. The high-level segment of the forty-fifth session of the Trade and Development Board had been held under the chairmanship of the Deputy Prime Minister of Thailand, and had been dedicated to the impact of the financial crisis on trade, investment and development, and on regional perspectives. It had focused on the Asian epicentre of the crisis, hearing the testimony of those who had experienced at first hand the economic and social consequences of the crisis, and on the responses of institutions and civil society. By means of a video-conference link, the Second Committee had participated in the second part of the high-level segment which had examined the repercussions of the crisis and the lessons to be learned from the practical experience of a variety of actors, including a large multinational company, financial institutions and the regional economic commissions. The high-level segment had made a valuable contribution to the study, at the international level, of the causes of such crises and of appropriate policy responses. The use of modern telecommunications technology, which had made it possible to hold a debate on both sides of the Atlantic, had further demonstrated UNCTAD's determination to do everything possible to fulfil its development mission.

11. In conclusion, the forty-fifth session of the Board had carried out a high-level mid-term review pursuant to the Midrand Declaration and to General Assembly resolution 52/182, in order to contribute to the preparations for the tenth session of the United Nations Conference on Trade and Development which was to be held in Bangkok in the year 2000. Two years after Midrand, the Board had reviewed changes in the world economy and had endeavoured to define the long-term prospects in the context of that event. In that connection, the Deputy Prime Minister of Thailand had enumerated seven points which might serve as a basis for the preparation of the Bangkok Conference: (a) a global approach to global problems; (b) careful scrutiny of the globalization process to allow all to benefit from it; (c) the continuing validity of the East Asian model of economic development: study of what went wrong for future reference; (d) foreign direct investment: an objective analysis; (e) achieving more coherent action by international and national organizations; (f) marginalization: an objective analysis; (g) interaction with the private sector at all levels. The Secretary-General of UNCTAD had been requested to prepare a draft agenda for the tenth session of the Conference, which was scheduled to be held from 12 to 20 February 2000, for consideration and approval at the executive session of the Board in December 1998.

12. **Ms. Syahruddin** (Indonesia), speaking on behalf of the Group of 77 and China, said that globalization had had a considerable impact on all economic activities. While it had triggered a range of new opportunities for development in many countries, particularly the advanced economies, it had made the developing countries much more vulnerable to external factors that were beyond their control. Globalization and the liberalization of trade and investment did not automatically result in faster growth in the developing countries. Economic and social gaps were widening within and between many countries.

13. Acknowledging that globalization posed major problems, the Group of 77 and China remained fully committed to the international trading system, despite the implications of that commitment. The establishment of an open trading system, in which all countries would participate on an equitable basis, was essential to the promotion of development and the eradication of poverty. However, while

there had been unprecedented growth and development since the launching of the Uruguay Round, trade liberalization posed problems that blocked the achievement of an open, rule-based multilateral system. Some of the Uruguay Round accords, which were of particular interest to the developing countries, were far from being implemented. It was true that during the negotiations some countries had accepted only small tariff reductions or none at all for some sensitive products. Thus, not all developing countries could take advantage of trade liberalization.

14. The capacity of most developing countries to implement their obligations under the Uruguay Round agreements was limited in comparison to that of the developed countries, and they were also unable to defend, let alone articulate, their trade interests to take full advantage of the rights provided for them under the Uruguay Round. The lack of technical ability, compounded by chronic external debt problems, prevented the developing countries, especially the least developed among them, from implementing the Uruguay Round agreements. Accordingly, the Group of 77 and China urged the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO) to continue to provide the necessary technical assistance to the developing countries. They were also dissatisfied with the lack of progress made in the application of the provisions on special and differential treatment for the developing countries and urged that the commitments made should be strengthened and concrete action taken in that regard. They welcomed the convening of the Third United Nations Conference on the Least Developed Countries, to be held in 2001, which would provide an opportunity to implement, in an integrated manner, the 1997 Plan of Action for the Least Developed Countries.

15. The Group of 77 and China was concerned at the measures taken by some Member States which contravened the spirit of the Uruguay Round agreements. Thus, some exporting countries had been unable to take immediate advantage of the agreements because of exceptional measures such as transitional safeguard measures, unilateral rules of origin and back-loading in the implementation of the agreement on textiles and clothing. The abuse of anti-dumping provisions was another problem that should be resolved. The States members of WTO should demonstrate their political willingness to abide not only by the letter but also by the spirit of the Uruguay Round agreements. They should totally reject the use of discriminatory trade actions and the extraterritorial application of national legislation against the developing countries. In that spirit, the Group of 77 and China rejected the use of any protectionist measures and agreed to work together in UNCTAD, WTO, the International Monetary Fund (IMF) and the World Bank to improve the coherence of international economic policy-making with a view to implementing a rule-based, open trading system.

16. The financial crisis, which had had strong repercussions on equity markets throughout the world, was another problem that must be solved. It was clear that no country, regardless of its strong economic fundamentals and vitality, was immune to the instability of world financial markets. It was therefore important to promote a better understanding of the relationship between trade and international financial and monetary stability, in that the liberalization of trade was one of the principal ways to overcome the crisis. All trading partners must allow greater market access for products from the countries affected by the crisis. The development of trade would allow the countries in crisis to recover and thereby avoid a global recession. It was especially important to avoid reverting to protectionism, which would cause further instability to the international trading system. There was also a need for increased foreign direct investment, which would have longer-term positive effects on the economies of countries affected by the crisis.

17. Another major objective was to make the multilateral trading system truly universal. The Group of 77 and China had always encouraged the developing countries to accede to the WTO agreements and believed that those countries should not be required to comply with higher levels of commitments than those made by countries that had already joined WTO. At the same time, regional trading arrangements had a crucial role to play. They should help to build a solid multilateral trading system. That presupposed that they were based on the fundamental principle of open regionalism and were consistent with the principles and rules governing the multilateral trading system. Moreover, lessons could also be learnt from the experience gained by regional trading arrangements.

18. The Group of 77 and China believed that trade should serve to minimize the negative aspects of globalization, which affected both rich and poor countries, and maximize its benefits, ensuring that they were shared equitably.

19. **Mr. Cunnane** (European Union) said that the strengthening of trade liberalization and investment and the promotion of a transparent, rule-based multilateral trading system remained a key component of efforts to achieve sustainable development, since economic and social development and environmental protection were interdependent. The European Union considered the

integration of developing countries into the world trading system to be a primary objective of its development policies and granted preferential access to its markets to all developing countries for almost all their exports.

20. As for the least developed countries, 99 per cent of their exports already benefited from preferential duty-free access to the European Union. It reserved to non-ACP least developed countries equivalent treatment to that granted to its partners under the Lomé Convention. The rules of origin had been simplified to allow more cumulation. From 2000 to 2005, the European Union would adopt a series of measures ensuring duty-free access for essentially all products from the least developed countries and would review the rules of origin, particularly with regard to cumulation. It urged the industrialized and more advanced developing countries to open their markets to exports from the least developed countries.

21. Preferential access alone was unlikely to achieve the effective integration of the least developed countries into the world trading system. Those countries must also adopt sound domestic policies, improve governance, invest in basic social services, upgrade their infrastructures and openness to trade and investment and foster competitiveness. To that end, the international community should support them by providing technical assistance focused on education to upgrade human resources, infrastructure and institutions. In that context, the European Union attached particular importance to the implementation of the Integrated Framework for Trade-Related Technical Assistance, which had been established by WTO, UNCTAD, the International Trade Centre (ITC), the United Nations Development Programme (UNDP), the World Bank and IMF. Technical assistance, particularly to support administrative capacity-building, would enable the developing countries and the least developed countries to cope with the burden entailed in setting up a multilateral trading system. Official development assistance should remain an essential source of funding, especially for the poorest countries.

22. In order to ensure that development was sustainable, export expansion must not be at the expense of environmental and social standards. The European Union was convinced of the need to promote environmental and social protection by offering positive incentives so that differences in standards were not used as a pretext for protectionist measures. The Union had introduced such incentives into its generalized system of preferences (GSP) scheme for those developing countries which implemented internationally agreed labour and environmental standards.

23. Developing countries could expect to derive significant benefits from a new process of liberalization. A new, comprehensive round of trade negotiations — a millennium round — should be embarked on, which would reflect the interests of all members of the World Trade Organization (WTO), including the developing countries. All countries should set out their priorities for that round of negotiations. Thanks to a substantial liberalization of their trade and investment regimes, many developing countries had considerably expanded their exports. That liberalization had been accompanied by political, monetary and budgetary reforms as well as by the promotion of an environment supportive of the private sector.

24. The European Union was convinced that the credibility of the multilateral trading system lay in the implementation of all the commitments entered into in the Uruguay Round and it stood ready to provide technical assistance to developing countries experiencing difficulties in the implementation process. While the financial crisis was taking its toll, not only on the financial markets but on international trade and investment, it was important to avoid the danger of beggar-thy-neighbour policies and protectionist backsliding. Multilateralism must be one of the means for combating the effects of the crisis.

25. During the first half of 1998, trade between the European Union and most of the countries affected by the crisis had changed dramatically: imports from those countries had increased by 20 per cent on average and exports had dropped by more than 30 per cent. Although the European Union member States had assumed the lion's share of commercial bank lending and had provided massive financial support to the countries in crisis through the International Monetary Fund (IMF), they remained convinced that the way out of the crisis required the expansion of trade, the adoption of decisive steps against protectionism and the strengthening of the multilateral system.

26. The European Union again called on all countries, including the developing countries, to set out their priorities for a new multilateral round of trade negotiations, which would represent an opportunity for further liberalization and the reinforcement of the multilateral trading system.

27. **Mr. Cordeiro** (Brazil), speaking on behalf of the member States and associated States of the Southern Common Market (MERCOSUR) (Argentina, Brazil, Paraguay, Uruguay, Chile and Bolivia), said that, although the crisis now being felt by virtually every nation in the world had been provoked and exacerbated by the international financial markets, it had immediately had

adverse effects on trade in goods and services. The countries accounting for 40 per cent of world production had seen a sharp decline in their economic activity. In the face of a likely recession, protectionist trends had re-emerged which threatened the stability of the international trading system. The MERCOSUR countries were convinced that the crisis could be overcome only by the implementation of the Uruguay Round agreements, respect for fixed repayment schedules and the strengthening of the trade liberalization process for developing country exports.

28. During the forthcoming trade negotiations, the question of the gradual liberalization of trade in goods and services should be addressed, while ensuring that all countries benefited from the multilateral trading system. The crisis in fact presented an opportunity for the reinforcement of trade liberalization and the elimination of the obstacles that continued to prevent developing countries from increasing their exports — excessive customs duties, quotas, technical and health-related barriers, unilateral and safeguard measures, as well as the application of countervailing and anti-dumping duties, in particular. Under the pretext of protecting the environment and promoting workers' rights, all manner of restrictions were being imposed on trade — restrictions that were incompatible with the rules of the international system. The MERCOSUR countries wondered how viable the developing countries' trade liberalization efforts would be if protectionist forces continued to be unleashed on the markets of the industrialized economies. While the negotiations had progressed considerably on such topics as trade in services, investments and intellectual property, the same could not be said for areas of export interest to developing countries, such as textiles and agricultural trade. A vast system of protectionist measures was at work in the latter sector. According to the Organisation for Economic Cooperation and Development (OECD), agricultural subsidies in the industrialized countries represented $280 billion.

29. MERCOSUR member States and associated States stood ready to face their competition on the world agricultural market as long as the commitments undertaken during the Uruguay Round were fully respected. In that regard, WTO should give priority in its negotiations to the question of market access and the reduction of subsidies and internal support measures.

30. The developing countries, and the MERCOSUR countries in particular, continued to work on behalf of international trade liberalization. MERCOSUR was at present the world's fourth largest economic grouping, with a market of over 200 million consumers and a gross domestic product (GDP) of $1.2 billion. Privatization programmes had attracted investments, which in 1998 were projected to be around $30 billion. Trade liberalization programmes had made it possible to reduce customs duties and eliminate quotas. The MERCOSUR countries favoured open regional economic integration, meaning that they were not opposed to trade with other markets but rather encouraged the mechanisms of globalization. Intraregional trade had grown by 350 per cent between 1990 and 1997, to a total of $20 billion. The four MERCOSUR member States had signed a free-trade agreement with Bolivia and Chile. Negotiations were under way with the Andean Group on a free-trade agreement that would apply to almost all the countries of South America, for a total market of 300 million consumers. MERCOSUR had also begun negotiations with Mexico, the Southern African Development Community (SADC), India and the Commonwealth of Independent States (CIS) countries, and had signed an economic and trade cooperation agreement with the European Union.

31. At the Eighth Ibero-American Summit, the President of Brazil, Fernando Henrique Cardoso, had said he was in favour of creating a tax on short-term international capital operations, which would be used to finance an international stabilization fund for financial crises. The fund would also underwrite poverty eradication projects.

32. **Mr. Chowdhury** (Bangladesh) said that the multilateral trading system which had evolved over the past 50 years had contributed to growth, employment and stability by promoting the liberalization and expansion of trade and institutionalizing the framework for the conduct of international trade relations. The benefits had, however, remained largely uneven for countries with chronic structural problems. The importance of an open, rule-based, equitable, non-discriminatory, predictable and transparent multilateral trading system could therefore not be overemphasized. Trade statistics demonstrated that international trade continued to develop but that some countries, particularly the least developed, were marginalized since they failed to extract even the minimum advantage from the opportunities arising from globalization and liberalization.

33. As was evident from the *Trade and Development Report, 1998*, the volatility of international capital flows and the development prospects of developing countries were intricately linked. There was an urgent need for coordinated measures to address the effects of the financial crisis on the international trading system. Keeping all markets free from protectionist measures and maintaining continued growth in world trade were key elements in overcoming the crisis. There was a need for greater coherence between the development objectives agreed to at major international conferences and the functioning of the international trading

and financial system. Close cooperation between the United Nations organizations, the World Trade Organization and the Bretton Woods institutions was imperative in that regard.

34. The Generalized System of Preferences remained a major instrument for expanding the access of the developing countries to the markets of other countries. The industrialized countries should, however, continue to improve their systems in order to integrate the developing countries, particularly the least developed, into the international trading system. It was important to explore ways of deriving greater benefit from the opportunities offered by those systems, for instance by eliminating the deadlines which they imposed on the least developed countries.

35. The importance of continued trade liberalization could not be overemphasized. The elimination of trade-distorting policies, protectionist practices and non-tariff barriers (environmental, technical and phyto-sanitary standards or labour standards) remained an imperative as the products of the least developed countries often faced problems of access to the industrialized markets. It was also important to support the efforts of the least developed countries at diversification and to strengthen their supply capacity in view of the declining importance of primary commodities in world trade and the decline in their prices. The international community must take measures to strengthen the supply capacity of exportable goods and services of developing countries, in particular the least developed countries, *inter alia*, by providing them with increased technical assistance.

36. It was important that all States members of WTO should implement all the provisions of the Final Act Embodying the Results of the Uruguay Round, taking into account the specific interests of developing countries, and the special provisions in the multilateral trade agreements relating to special preferential treatment for the least developed countries. He was confident that the tenth session of the United Nations Conference on Trade and Development would provide an opportunity for the international community to reflect on the development imperatives for the next millennium.

37. **Ms. Linde** (United States of America), speaking on the item on trade and development, said that her country supported the role of UNCTAD as the principal forum within the United Nations for the integrated treatment of development and related issues, including trade and sustainable development. UNCTAD should assist the developing countries in identifying the trade policy options available to them, in particular their rights and obligations under the WTO rules, including special measures for their benefit adopted under the Uruguay Round. UNCTAD, UNDP and the international financial institutions were in the best position to assist those developing countries which wished to accede to WTO and to help them to meet its requirements.

38. With regard to agenda item 93 (e) on the Programme of Action for the Least Developed Countries for the 1990s, her delegation was pleased to note that the *Least Developed Countries, 1998 Report* of UNCTAD emphasized the central role which a participatory policy-making process could play in successful economic development. It also emphasized the importance of environmental conservation and solidarity in an increasingly interdependent world.

39. The United States had long recognized that open domestic markets and an open global trading system did more to stimulate economic growth than trade protection and isolationism. It had therefore sought to liberalize global trade and investment and to help the least developed countries to take advantage of the new opportunities thus offered. If the least developed countries had difficulty in taking advantage of the new opportunities, it was not so much because of trade barriers or delays in their accession to WTO, but because of domestic policies which stifled competition and discouraged foreign investment.

40. In that connection, her delegation welcomed the initiatives taken by international organizations, such as the High-Level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development, which had adopted an integrated framework for trade-related technical assistance to the least developed countries, which would coordinate the efforts of the six agencies concerned (WTO, UNCTAD, IMF, the World Bank, UNDP and the International Trade Centre) to help the developing countries to benefit from the world trading system.

41. Lastly, the United States, which was vitally interested in the future of Africa, welcomed the special focus of UNCTAD on the region. Through the Partnership for Economic Growth and Opportunity in Africa, launched by the Clinton Administration, it sought to assist those African countries that were willing to help themselves by adopting policies promoting good governance and economic liberalization to gain greater access to the global market, since it was clear that in a world which was becoming increasingly interdependent through globalization, no country could be truly prosperous if it was left behind in that process.

42. **Mr. Dausa** (Cuba) associated himself with the statement made by the representative of Indonesia on behalf

of the Group of 77 and China. Discussion of the subject of trade and development was especially important in the light of recent world events, notably the international financial crisis which had highlighted the connection between all areas of economic life, particularly finance, trade and investment.

43. In that new context, given that it had particular responsibility for the overall examination of matters relating to trade, finance, technology and investment from the development point of view, the work of the United Nations Conference on Trade and Development (UNCTAD) was more vital than ever. He commended UNCTAD for the vigour and intellectual rigour with which it had grasped those new realities, thus securing for itself a prime position in the international economic debate, particularly since it had ceased to duplicate the work of the World Trade Organization (WTO). The developing countries needed a competent organization that was capable of coming up with fresh ideas in areas that were crucial to their future, such as international finance and investment, and also of furthering negotiation and building consensus whenever necessary.

44. The high-level segment of the Economic and Social Council devoted to market access and the Council's meeting with the Bretton Woods institutions were significant steps in the action to be undertaken by the United Nations with a view to stimulating discussion in the economic, commercial and financial areas. Such efforts should be pursued, particularly on the occasion of the special session of the General Assembly proposed by the Group of 77 and China in their draft resolution on globalization and at the international conference on financing for development.

45. The discussions of the Second Committee should be guided by a number of considerations. First, when considering the conditions for market access bequeathed by the Uruguay Round, attention should be paid to the globalization of the world economy, the alleged advantages of which were being exploited primarily by the developed countries, whereas conversely, the developing countries were finding themselves at a disadvantage due to external factors beyond their control. Moreover, in addition to the fresh difficulties and uncertainties connected with globalization, there were still serious unresolved problems in the field of international relations, such as external debt, the growing inequity of terms of trade, technological divides and the continuing erosion of commodity prices, which further complicated the situation in the developing countries. Attention should also be paid to the fact that globalization and some of its fundamental components, such as trade liberalization and free competition, would not necessarily lead to rapid growth and economic expansion in the developing countries. Lastly and paradoxically, although the major Powers were encouraging the developing countries to strengthen their efforts to liberalize trade, the latter were encountering more and more obstacles to their exports: anti-dumping measures, safeguards and quotas, as well as environmental and labour standards which contravened the rules set by the General Agreement on Tariffs and Trade (GATT) and the multilateral trading system, not to mention unilateral sanctions.

46. In recent years, the United States had adopted over 40 laws and decrees imposing unilateral economic sanctions against 75 nations which accounted for some two-thirds of the world population. The Helms-Burton Act, which had been widely condemned by the international community, was an appalling example of the violation of WTO rules and the principles of free trade and freedom of navigation. Fortunately, despite the extremely complex situation created in Cuba by that Act, the country had managed to increase its external trade by an annual rate of 15.6 per cent between 1993 and 1997; Cuban enterprises had dealt with 146 countries in 1997, over 600 foreign firms were represented in the country and three free zones had been opened there. Economic association agreements had also been signed with foreign capital, as well as bilateral agreements to protect and promote investment. Cuba had also participated in the integration process in Latin America and the Caribbean through its affiliation with the Latin-American Economic System (SELA) and the Association of Caribbean States (ACS), and had acquired observer status with the African, Caribbean and Pacific Group (ACP) associated with the Lomé Convention. Despite the obstacles placed in its path, Cuba was thus endeavouring to participate in the process of integration into the world economy, in which trade had a vital role to play. In that connection, it should be remembered that those who deprived sovereign States of their right to trade were in no position to claim any moral or legal right.

47. **Mr. Tchoulkov** (Russian Federation) noted that, during the four months which had passed since the substantive session of the Economic and Social Council, the world trade situation had unfortunately deteriorated. The recent financial crisis had resulted in the reduction in internal demand and had greatly limited the possibilities of securing commercial loans. Coupled with the erosion of commodity prices, those trends had adversely affected trade. In the case of his own country, the volume of external trade had fallen by 7 per cent during the last eight months compared with the corresponding period for the previous year, while trade with countries other than the member States of the Commonwealth of Independent States (CIS) had

particularly suffered. That situation represented a dangerous trend in that, during periods of financial crisis, external trade was a source of income that was vital to overcoming the difficulties encountered. Unless halted, the crisis was likely to become chronic and the price to pay would be heavier, not only for the countries directly affected, but for the entire international community. It was therefore more essential than ever to adopt concerted measures to ensure that countries in critical situations had easier conditions allowing them access to markets and financial resources.

48. In that regard, his delegation shared the concerns expressed by UNCTAD in its 1998 trade and development report concerning the re-emergence of protectionism and endorsed the report's conclusions concerning the need for strengthened international monitoring of the use of discriminatory trade practices, particularly anti-dumping measures, and for preferential treatment to countries hit by the crisis.

49. He drew the Committee's attention to another problem that was extremely important for a large group of countries, including his own, namely, accession to the World Trade Organization (WTO). At every major forum dedicated to the issues of world trade development his delegation had constantly spoken of the importance of the principle of universality, yet 32 countries, with a population of more than 1.5 billion people, had been held up in negotiations on accession to WTO for many years and still had no access to world markets guaranteed by international rules. The main reason for the problem, in his delegation's view, was that the leading trade Powers demanded too much of the countries seeking accession. It shared the opinion expressed in the Secretary-General's report on the implementation of General Assembly resolution 52/182 that such countries should be given preferential treatment taking due account of their level of development and the competitiveness of various sectors of their economy, since the WTO agreements generally provided for a transition period to enable countries to take progressive steps to meet their obligations.

50. Furthermore, the Russian Federation and the other countries seeking admission to WTO trusted that the next round of multilateral trade negotiations would be open for participation by all the States concerned, irrespective of how far they had moved towards membership. That would give them the opportunity to bring their economy and trade practices into line with the norms and obligations that would be agreed upon.

51. His delegation believed that the contribution of the United Nations Conference on Trade and Development (UNCTAD) to the promotion of integrating developing countries and countries with economies in transition into the international trading system was significant, although its potential for activity in that direction was far from exhausted.

52. **Mr. Jayanama** (Thailand), speaking on behalf of the Association of South-East Asian Nations (ASEAN), said that, according to the 1998 *World Economic and Social Survey*, trade and service liberalization had led to accelerated growth in both developed and developing countries. The ASEAN countries, which had received their share of the benefits, would continue to work closely with other WTO members towards a fair and open multilateral trading system. In that context, that body should give priority to the implementation of existing Uruguay Round commitments and ensure that all countries could both benefit fully from trade liberalization and sustain its momentum. It should also help developing countries in their preparations for trade negotiations and enhance the universality of WTO membership by admitting them in accordance with their levels of development.

53. The ASEAN countries welcomed the Declaration of Ministers of the Least Developed Countries, adopted on 28 September 1998, particularly regarding the follow-up of the High-level Meeting on Integrated Initiatives for Least Developed Countries, Trade Development. ASEAN also recognized the significant role played by regional trading arrangements, which could usefully complement the multilateral trading system provided that they complied with its rules and at the same time maintained the principle of open regionalism. Since WTO faced many challenges at the dawn of a new century, it would need a dynamic Director-General who could guide it through its great evolution, manage the delicate balance of interests between developed and developing countries and promote North-South and South-South cooperation. ASEAN therefore endorsed the candidature of Mr. Supachai Panitchapakdi, Deputy Prime Minister and Finance Minister of Thailand, whom it believed equal to that demanding post.

54. ASEAN welcomed the outcome of the recent session of the UNCTAD Trade and Development Board. The Board had reiterated the adverse impact of the financial crisis on commodity prices, which had been a major factor in reducing export earnings and growth in a number of countries, especially developing countries. The Conference should continue to study international trade and monetary and financial issues as part of its work on interdependence with a development perspective. In that connection, ASEAN wished to thank the Government of Thailand for its offer to host the tenth session of the Conference in 2000 despite its financial difficulties.

55. With regard to the financial crisis, he said that the ASEAN countries had taken various measures to counter the destabilizing effects of volatile capital flows across the globe, but they had in common the goals of restoring confidence, achieving microeconomic and macroeconomic stabilization and strengthening economic fundamentals, both structurally and functionally. A regional surveillance mechanism had also been set up to help prevent future crises. At the Thirteenth Meeting of the ASEAN Economic Ministers it had been decided to accelerate tariff reductions to help meet the goal of an ASEAN free trade area by 2003. A framework agreement to create an ASEAN investment area by 2010 had been signed.

56. While devaluation could stimulate exports, other factors should be taken into consideration, too, such as import prices, interest rates and investor confidence. Demand also had to be stimulated in developed-country markets and an environment should be created that would lessen the effects of the crisis on other continents. Consideration should also be given to the trade-related financing needs of the countries most affected by the crisis to enable them to import essential items. Their major trading partners should join forces in adopting policies applicable not only to local interests but also to global economic recovery.

57. The pervasiveness of the crisis had reflected the interdependence of the world's economies and the need for solidarity among countries. In South-East Asia the crisis called for closer cooperation among the ASEAN countries. Globally, there should be a review of the international financial architecture; otherwise, a durable solution to the crisis would be hard to find and the multilateral trading system might not continue to function effectively.

58. **Mr. Yuan Shaofu** (China) said that the impact of globalization and liberalization on the countries of the world was uneven. The weak economic foundation of the developing countries and their inferior competitive position meant that in the short and medium term they could hardly benefit from liberalization, and indeed ran the risk of being further marginalized. The Asian financial crisis provided a cautionary tale about the unpredictable risks associated with globalization and liberalization and the dangers faced by the developing countries in their efforts to open up their markets.

59. As an important tool in promoting globalization and liberalization, the multilateral trading system had played a role in settling international trade disputes and reducing general tariff levels. It had not, however, solved all problems nor reflected in a balanced way the interests of all sides. The developed countries continued to hinder the export of developing countries' products through tariff peaks, tariff escalations, rules of origin and labour and environmental standards. They also delayed the implementation of some of the Uruguay Round trade agreements which were particularly crucial for the developing countries, such as the textiles and clothing agreements. Given the developed countries' stranglehold on decision-making in the multilateral trading system, the liberalization process had become divorced from the realities of the developing countries, whose economic security was threatened.

60. In order to remedy that situation and to ensure that developing countries participated actively in the liberalization process, benefiting from the opportunities it offered, several conditions should be met. Firstly, new concepts were needed. Globalization did not mean enforced uniformity. Every country had the right to choose its own way of participating in globalization, according to its own characteristics. Liberalization was not an end in itself, but a means of promoting development and eradicating poverty. Secondly, a prudent and gradual approach to sectoral liberalization was needed, taking account of the specific conditions, level of development, economic resilience and objectives of the country concerned. Thirdly, tariff and non-tariff barriers should be eliminated, in accordance with the Uruguay Round agreements, in order to provide greater market access to developing countries' products including textiles and clothing.

61. The ninth session of the United Nations Conference on Trade and Development (UNCTAD) had set itself the objective of creating a partnership that would promote growth and development in order to help developing countries integrate gradually and effectively into the international economic and trade system. While the current mid-term review of the implementation of the Final Document of the session had shown that UNCTAD had performed its tasks satisfactorily, much remained to be done. UNCTAD should first facilitate the establishment of an equitable, secure, non-discriminatory and predictable multilateral trading system through close cooperation with WTO, IMF and the World Bank. It should then improve its analysis of macroeconomic issues, including its monitoring of the financial liberalization process, in order to provide more effective policy guidance. Finally, it should provide developing countries with more technical assistance in priority areas, helping them to better defend their own interests in multilateral trade negotiations and to protect themselves against the risks associated with globalization.

62. China's national policies were based on opening up the economy and reform. It had made tremendous efforts to

improve market access by lowering customs duties and bringing its trade rules into line with those of WTO. It was determined to participate actively in the globalization and liberalization process and to abide strictly by international rules, as its responsible behaviour during the Asian financial crisis had proved.

63. China hoped that it would be able to join WTO without its being subjected to stricter conditions than those imposed on other developing countries. WTO could not claim to be representative or universal enough to play a role in the globalization process if it did not include China, the tenth largest trading nation, and other developing countries.

64. **Mr. Crighton** (Australia), speaking on behalf of the Cairns Group of agricultural exporting countries, said that the Group took the opportunity to welcome South Africa as its first African member. The Group's membership represented a broad geographical spread, covering both developing and developed countries. It was therefore an excellent barometer of how successful the Uruguay Round had been and of the benefits that it had delivered to WTO members. The Group was firmly committed to achieving a market-oriented agricultural trading system, as sought by the agreement on agriculture. It hoped that the next round of WTO agricultural trade negotiations would achieve fundamental reform, placing agricultural trade on the same footing as trade in other goods.

65. In terms of the perceived gains from the Uruguay Round, many members of the Group were concerned at the belief that much more liberalization was needed to remove the distortions and restrictions which plagued agricultural trade. At a time when many developing countries were under pressure from both external and domestic economic factors, that belief was a real concern for those who considered WTO and its rules to be essential to the overall functioning and stability of the multilateral trading system. Developed countries which had benefited from the trading system should make certain that the interests of the developing countries were addressed in the next round of agricultural negotiations in order to ensure the continuing support of those countries for the WTO system.

66. It was important that developed countries kept their markets open to developing countries, helping them to pursue their comparative advantage in agriculture as part of their adjustment process. Concerned about the impact of the Asian financial crisis, the Cairns Group Ministers had agreed that the maintenance of open world markets would facilitate the quick recovery of the countries affected. It was also important that comparative advantage, not the size of government treasuries, determined the improvement of market access and the restructuring of agricultural trade.

67. The Uruguay Round agriculture negotiations had demonstrated the robustness of the global trading system and the respect in which it was held. However, the system could fall into disrepair if account were not taken of the needs of all members. The Cairns Group had made a statement of its ambitions for the next round of negotiations. Firstly, all export subsidies should be eliminated and agricultural export credits should be brought under international discipline. Secondly, access opportunities for agricultural products should be subject to the same conditions as those for other goods. Tariff peaks should be curtailed and tariff escalation should be removed, while tariffs should be cut, non-tariff barriers eliminated and trade volumes under tariff rate quotas increased substantially.

68. Overall levels of domestic support for agriculture remained far in excess of subsidies available to other sectors. The 1999 negotiations should remedy that situation, permitting only non-distorting forms of support, and ensuring that income aids did not distort production and trade.

69. Special and beneficial treatment for developing countries, including the least developed countries and small States, should remain an integral part of future negotiations, which should continue to take account of the requirements of those countries, particularly with regard to technical assistance.

70. The global trading system must benefit all. Subsidies penalized consumers and taxpayers in the subsidizing countries as well as efficient producers and exporters. The complete liberalization of agricultural trade would bring important benefits in terms of economic growth, improved welfare, food security and sustainable development.

71. The Cairns Group would press ahead with further WTO agriculture negotiations, which should show that the international trading system worked for all countries.

72. **Mr. Ndiomu** (Nigeria) said that although the globalization of the economy through trade liberalization had created considerable opportunities for the expansion of trade and financial flows, it had also had the effect of intensifying the marginalization of those countries that did not have the necessary capacity to increase their exports or to attract investment. In the case of Africa, globalization had penalized exports, which were wholly based on primary commodities, and the progress achieved in diversification into industrial exports had been insignificant, even non-existent. According to projections, the financial benefits

which the non-OECD countries could expect to derive from the Uruguay Round of multilateral trade negotiations would be on the order of US$ 30 billion to US$ 90 billion in 2002, while Africa was expected to lose US$ 1.2 billion every year from 1998 to 2002.

73. In order to integrate Africa, and the developing countries in general, into the global economy and to reverse the process of marginalization, it was necessary first of all to achieve internal economic and industrial integration. Many developing countries, including Nigeria, had therefore adopted reform programmes with the objective of trade liberalization through structural adjustments to ensure better market access for their exports. Some 22 African countries had concluded such agreements with IMF.

74. According to the figures published in the 1997 IMF report, Africa had recorded positive results in terms of growth, combating inflation and reducing deficits. Those encouraging results, however, concealed certain weaknesses. Savings rates were still inadequate by far; the manufacturing sector was stagnant; and infrastructure problems and supply-side constraints had crippled growth and exports. That situation was aggravated by the debt problems of the developing countries. In most developing countries, particularly in Africa, the expansion of trade was hindered by the smallness of markets, the high cost of transport and the lack of communications links. Thus, in spite of the efforts made by the African countries to implement reforms, their share of the global market accounted for only 2 per cent of world trade.

75. Nigeria paid tribute to the efforts of UNCTAD to build regional and national capacities for trade in the developing countries. It was encouraging to note that UNCTAD intervened at the regional level to implement decisions concerning the elimination of non-tariff barriers in trade within the Common Market of Eastern and Southern African States. However, the initiatives taken by UNCTAD, the World Trade Organization (WTO), the World Bank and IMF were unlikely on their own to reverse the slowdown in the developing countries' exports and economic growth unless they were accompanied by a dramatic increase in official development assistance from the OECD countries, which must achieve the agreed target of 0.7 per cent of GNP, and by concerted action to cancel a substantial part of the developing countries' debt. While continuing to support trade liberalization in both the developed and the developing countries, efforts should be geared towards substantially reducing all tariffs affecting developing countries and increasing multilateral surveillance of all the obligations and rules of international trade.

76. In conclusion, he said that UNCTAD should give its work on globalization and development strategies a greater regional dimension. In order to encourage the expansion of trade in the developing countries, the emphasis should be placed on capacity-building and improving opportunities for market access. Finally, UNCTAD should work with WTO to ensure the implementation of special and differential provisions in favour of the developing countries, as provided for in the Uruguay Round agreements.

77. **Ms. Yoo Hye-ran** (Republic of Korea) said that her delegation fully supported the recommendations contained in the ministerial communiqué adopted at the conclusion of the deliberations of the Economic and Social Council's substantive session. The communiqué clearly articulated multilateral trading issues in the broader perspective of development.

78. Regarding future trade liberalization negotiations, she reiterated her Government's view that today's economic realities called for a new round of multilateral trade negotiations with a much broader scope than the built-in agenda. Such an approach would help to maintain a more stable balance of interests among all participating countries. Due account must be taken of the developing countries' concerns so as to ensure their full integration into the multilateral trading system. In particular, the marginalization of the least developed countries should secure the international community's urgent attention. To that end, her delegation wished to emphasize the need to ensure the full implementation of the WTO Plan of Action for the Least Developed Countries. For its part, the Republic of Korea planned to grant preferential duty-free access to various major items of export interest to the least developed countries, in accordance with the pledges it had given. Furthermore, the Republic of Korea, in collaboration with the Office of the Special Coordinator for Africa and the Least Developed Countries, would be hosting a forum on Asia-Africa cooperation in export promotion in Seoul in December 1998, which was intended to support capacity-building in African countries to help them to develop and diversify their exports.

79. UNCTAD had an important role to play in facilitating the integration of developing countries into the multilateral trading system, complementing the action being taken by WTO. The current difficulties of the global economy, caused by the Asian financial crisis, provided an additional incentive for the international community to reaffirm its confidence in the multilateral trading system. It was absolutely crucial to combat any protectionist impulse and to see to it that markets were kept open.

80. **Ms. Arystanbekova** (Kazakhstan), focusing on the problem of developing transport systems in the Central Asia region, paid tribute to the efforts of the United Nations specialized agencies in implementing the provisions of General Assembly resolution 51/168, entitled "Transit environment in the landlocked States in Central Asia and their transit developing neighbours", and thanked the UNCTAD secretariat for its detailed report on the subject (A/53/331). As noted in the report, the emerging trade pattern in Central Asia had been characterized by change in the direction of trade and the product mix, and as a result new markets outside the Commonwealth of Independent States (CIS) area were becoming important destinations for Central Asian exports. However, the trade to and through the Central Asia subregion was hampered by prohibitive transport costs which in many cases represented up to 60 per cent of the value of imports. Central Asia and its trading partners therefore had a strong incentive to improve the efficiency of the main transit transport routes which not only linked Central Asia with the rest of the world but also facilitated transport between Asia and Europe.

81. By reason of its geographical location, Kazakhstan faced an acute problem of access to international transport routes. The country possessed abundant natural resources and vast hydrocarbon reserves, but its remoteness from international markets was an obstacle to their exploitation. The development of the transport and communications infrastructure had therefore been included among the priorities in the national development strategy for the period up to the year 2030. The main directions that had been defined within that strategy were the following: the establishment of a rational transport system and its integration into the world transport network, ensuring access to the sea; the modernization of the existing railways, roads, ports and airports; and the improvement of the system for managing the infrastructure.

82. A special programme aimed at developing the national road network and the major international routes through Kazakhstan was being implemented. At the international level, a second international conference (TransEurAsia '98) had been held in Almaty with a view to developing the transport infrastructure in the Central Asia region. Cooperation with the United Nations and its specialized agencies and programmes was also a priority for Kazakhstan. The work undertaken by UNCTAD to elaborate a programme aimed at improving the efficiency of transit transport in the Central Asian States could contribute towards promoting the integration of those countries into the world economy. Kazakhstan regarded with great hope the United Nations Special Programme for the Economies of Central Asia (SPECA) drawn up by the Economic Commission for Europe and the Economic and Social Commission for Asia and the Pacific, which aimed to develop the transport infrastructure and intensify regional cooperation on creating ways of delivering hydrocarbons to the world market. An important role was also played by the Economic Cooperation Organization (ECO), which had adopted the Programme of Action for the Transport and Communications Decade in the ECO region and the Almaty Declaration and Framework Agreement on Transit Shipments drawn up with the technical assistance of UNCTAD and UNDP.

83. General Assembly resolutions 49/102 and 51/168 had marked the beginning of the process of shaping the transport infrastructure in Central Asia and had thus contributed to creating the prerequisites for the access of goods and services from the States of that region to international markets. Given the vital need to continue to intensify the cooperation between the States of the region and United Nations organizations, her delegation would shortly submit a draft resolution on the matter for consideration by the Second Committee.

84. **Mr. Gerus** (Belarus) said that the presence of conditions conducive to international trade was currently one of the key factors for development and economic growth. Consequently, the establishment of an open, transparent and predictable multilateral trading system, which reflected the interests of all States and contributed to the stable development of the global economy, was crucial. The combined efforts of a number of countries within the framework of WTO had produced encouraging results, but the multilateral trading system was far from perfect. The work being undertaken by Governments and the relevant international organizations must therefore continue. It was regrettable to note, for example, that the practice of imposing protectionist and discriminatory measures against products exported by developing countries and countries with economies in transition and invoking ecological and phyto-sanitary norms for protectionist purposes was still current. The recourse by many industrialized countries and some developing countries to anti-dumping sanctions was another cause for concern, particularly since those measures most often affected chemical, textile or agricultural products, which accounted for a sizable portion of the exports of developing countries and countries with economies in transition.

85. His delegation was convinced that the integration of developing countries and countries in transition into the multilateral trading system and their admission to WTO were prerequisites for their full integration into the world

economy. Currently, more than 30 countries, including Belarus, were conducting consultations on those questions. Given that the process was a long and difficult one, they must be able to count on the support of the States members of WTO and the relevant international organizations, including UNCTAD. It was important to facilitate the admission of the largest possible number of countries before the initiation of the next round of multilateral trade negotiations because, after the adoption of new agreements, the conditions for admission to WTO would be even more difficult.

86. That being the case, it was clear that neither the efforts of the Governments of the developing countries and countries with economies in transition, nor those of the relevant international organizations, would be sufficient to establish an open and universal multilateral trading system on an equitable basis. Participation by the industrialized countries was essential and should take the form of practical action. In that connection, Belarus considered it unacceptable that certain States were seeking to impose on countries newly admitted to WTO obligations more onerous than those provided for in the existing multilateral trade agreements.

87. Belarus was satisfied with the outcome of the second meeting of the working group on the admission of the Republic of Belarus to WTO, which had been held in Geneva on 28 April 1998, although certain difficulties remained to be overcome with respect to the modalities of access to the services market, that sector currently being insufficiently developed in Belarus. In that connection, he hoped that the agreements which had already been concluded with UNCTAD in that area would be speedily implemented.

88. **Mr. Kamal** (Pakistan) said that his delegation wished to associate itself with the statement by the representative of Indonesia on behalf of the Group of 77 and China. The importance of trade in promoting economic growth and development could not be overstated. Unfortunately, the gains from trade liberalization had been unevenly distributed. The anticipated benefits of the Uruguay Round agreements had not materialized for the majority of developing countries, and there had been little progress in widening market access for products in which Africa enjoyed a comparative advantage. Indeed, sub-Saharan Africa had been a net loser.

89. It was also necessary to stem the new tide of protectionism in the developed countries, where, over the past two decades, there had been ever greater recourse to new measures to block exports from the developing countries. It was deeply disappointing to note that the more the developing countries preached openness, the more they engaged in restrictive practices.

90. The need to address trade issues in a comprehensive manner had been further underlined by the financial crisis in Asia, which was likely to affect developments in international trade during the period ahead. The main impact on the developing countries had been a reduction of demand for their exports and a decline in world commodity prices. The effects on the industrialized countries, on the other hand, had been favourable but, despite those advantages, they were tending to take protective action, having recourse to anti-dumping measures.

91. In order to prevent the pendulum of opinion from swinging too far back in opposition to openness, the international community must endeavour to render the international architecture of trade and finance more equitable. The provisions of the Uruguay Round agreements must be faithfully implemented. It was also important to ensure that markets remained open and the growth of world trade continued if the crisis was to be overcome. To that end, it would be necessary to further liberalize trade in specific products of interest to the developing countries, to give priority during the preparation of the third WTO Ministerial Conference to issues of particular importance to those countries, to expand the scope of the provisions in the WTO agreements regarding differential and more favourable treatment so that those countries might benefit from them; and to eliminate the new protectionist measures. Finally, countries with a trade surplus should increase their contribution to world demand.

92. In all negotiations, efforts should be made to balance the interests of developed and developing countries and to ensure that the benefits were equitably distributed. More even economic growth would create larger markets and greater economic opportunities for all countries. That was the secret of the success of an open, equitable and rule-based multilateral trading system.

The meeting rose at 1.10 p.m.